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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/748,935	12/27/2000	Linda S. Wilson		2059
27997	7590	10/19/2004		
PRIEST & GOLDSTEIN PLLC 5015 SOUTHPARK DRIVE SUITE 230 DURHAM, NC 27713-7736			EXAMINER	ZACHARIAH, SAM
			ART UNIT	PAPER NUMBER
			3628	

DATE MAILED: 10/19/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/748,935	WILSON, LINDA S. <i>SY</i>
	Examiner Sam Zachariah	Art Unit 3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 27 December 2000.
 2a) This action is FINAL. 2b) This action is non-final.
 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-11 is/are pending in the application.
 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
 5) Claim(s) _____ is/are allowed.
 6) Claim(s) 1-11 is/are rejected.
 7) Claim(s) _____ is/are objected to.
 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
 10) The drawing(s) filed on 27 December 2000 is/are: a) accepted or b) objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date <u>12/27/2000</u> . | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC §101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requires of this title.

2. **Claims 1-11** are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the “progress of science and the useful arts” (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts. The claimed invention is rejected since all of the recited steps can be performed in the mind of the user or by use of a pen and paper.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

5. **Claims 1,3-7** are rejected under 35 U.S.C. 103(a) as being unpatentable over Kravetz, US Patent No. 6,397,196, in view of Deming, US Patent No. 4,823,264.

Re Claim 1: Kravetz teaches a method for making installment payments to a creditor, comprising:

- Deducting amounts from a consumer's paycheck according to the employee's authorization (col. 6, line 6);
- Establishing send dates for each installment payment due (i.e. "scheduled basis", col. 6, lines 17-21)
- Monitoring the send dates for all payments to determine whether a payment is to be sent to the creditor (col. 6, lines 7-12)

Kravetz, however, does not teach using a financial intermediary and determination of sufficient funds.

Deming teaches forwarding deducted amounts to a financial intermediary to be held in a custodial account (i.e. clearinghouse, col. 4, lines 34-47).

Deming also teaches if a payment is to be sent to the creditor, determining whether there are sufficient funds in the custodial account to make the payment (col. 4, lines 47-59)

Deming further teaches if there are sufficient funds in the custodial account to make the payment, forwarding the payment to the creditor (col. 4, lines 47-59)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Kravetz by including the verification for sufficient funds of Deming, before transferring funds to the creditor, to prevent an overdraft on the account.

Re Claim 3: Kravetz discloses making installment payments to a creditor as relied upon in claim 1. Kravetz does not teach that funds should be kept in cash equivalent instruments. However, Deming discloses maintaining funds in a custodial account in cash equivalent instruments ("automated clearing house records", col. 4, line 53-57). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Kravetz to include using cash equivalent instruments as taught by Deming, because cash and cash equivalent instruments are highly liquid and easily transferred between accounts.

Re Claim 4: Kravetz discloses crediting the consumer with a portion of interest earned on the funds. (col. 6, line 37-38)

Re Claim 5: Kravetz discloses making installment payments to a creditor as relied upon in claim 1. Kravetz does not teach that a notification of insufficient funds be sent to the consumer. However, Deming discloses a notification of insufficient funds to be sent to the consumer. (col. 4, lines 60-62) It would have been obvious to one of ordinary skill in the art at

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the time of the invention to modify Kravetz to include a notification of insufficient funds as taught by Deming; thereby allowing the consumer to remedy the problem.

Re Claim 6: Kravetz discloses making installment payments to a creditor as relied upon in claim 1. Kravetz does not teach forwarding an electronic payment to the creditor. However, Deming discloses an electronic transfer of funds to the creditor (col. 2, lines 17-22). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Kravetz to include an electronic payment to the creditor as taught by Deming; thereby saving the consumer time and money in handling bills and payments.

Re Claim 7: Kravetz in view of Deming discloses an electronic payment to the creditor as relied upon in claim 6. However, Kravetz does not disclose making a non-electronic payment to the creditor. Deming teaches making a non-electronic payments to the creditor (col. 4, line 63-66). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Kravetz to include making non-electronic payments to the creditor as taught by Deming, to pay creditors that do not accept electronic payments.

6. **Claim 2 and 8** are rejected under 35 U.S.C. 103(a) as being unpatentable over Kravetz, US Patent No. 6,397,196, and Deming, US Patent No. 4,823,264 as applied to Claim 1 above and further in view of Hilt, US Patent 6,408,284.

Re Claim 2: Kravetz nor Deming teaches to indicate the amounts deducted from the consumer's paycheck. However, Hilt discloses sending a confirmation of transaction to the consumer (col. 8, lines 3-8). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Kravetz and Deming to include sending a confirmation to the consumer as taught by Hilt, to provide a notification of the deducted amounts from the paycheck.

7. **Re Claim 8:** Kravetz nor Deming teaches sending a confirmation to the consumer. Hilt discloses sending a confirmation of transaction to the consumer (col. 8, lines 3-8). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Kravetz and Deming to include sending a confirmation to the consumer as taught by Hilt, to notify the consumer that the transaction is complete.

8. **Claims 9-11** are rejected under 35 U.S.C. 103(a) as being unpatentable over Watkins, US Patent No. 6,347,305 in view of Deming, US Patent No. 4,823,264.

Re Claim 9: Watkins discloses a system for using payroll debits to make installment payments, comprising:

- Performing an assessment of eligibility of a consumer to participate in the payment system. (col. 6, line 24-28)
- Determining whether the employer is a participant in the system (col. 5, lines 64-67).
- Authorizing payroll deductions. (col. 7, lines 21-26)
- Forwarding authorization to employer (col. 7, lines 5-9)
- Setting up employee payroll deduction (col. 7, lines 26-29)

Watkins, however, does not teach a determination of sufficient funds.

Deming teaches that payables and receivables must be in balance (col. 4, lines 47-59)

It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Watkins by including the verification for sufficient funds, to prevent an overdraft on the account.

Re Claim 10: Watkins discloses a system for using payroll debits to make installment payments as relied upon in claim 9. Additionally, Watkins also discloses setting up a template for payroll deduction and funds transfer (col. 6, line 4-29)

Re Claim 11: Watkins discloses a system for using payroll debits to make installment payments as relied upon in claim 9. However, Watkins does not teach contacting the consumer to resolve payables and receivables issues.

In further view, Deming discloses contacting the consumer to resolve payables and receivables issues (col. 4, lines 60-62). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify Watkins by including the notification for insufficient funds, so that the consumer can take the appropriate actions to prevent late or partial payments.

Conclusion

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sam Zachariah whose telephone number is 703-305-0588. The examiner can normally be reached on M-F 8:30am -5:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough can be reached on 703-308-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).


HYUNG SOUGH
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3000